

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	ROLLIN	County	LENAWEE	Type	TOWNSHIP	MuniCode	46-1-180
Opinion Date-Use Calendar	Jun 27, 2008	Audit Submitted-Use Calendar	Aug 14, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 421,034.00
General Fund Expenditure:	\$ 525,837.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 501,287.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	PHILIP	Last Name	RUBLEY	Ten Digit License Number			1101009223
CPA Street Address	133 W MAIN STREET	City	MORENCI	State	MI	Zip Code	49256
CPA Firm Name	PHILIP R RUBLEY, CPA	Unit's Street Address	730 MANITOU ROAD	City	MANITOU BEACH	LU Zip	49253

**ROLLIN TOWNSHIP
LENAWEE COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
MARCH 31, 2008**

**ROLLIN TOWNSHIP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2008**

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PHILIP R. RUBLEY

— Certified Public Accountant —

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'S
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

June 28, 2007

**Township Board
Rollin Township
Lenawee County
730 Manitou Rd.
Manitou Beach, MI 49253**

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Rollin Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Rollin Township management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Rollin Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

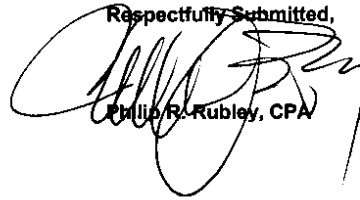
The management's discussion and analysis and budgetary comparison information on pages 3 through 8, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rollin Township basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Rollin Township
June 28, 2007

The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Philip R. Rubley", is written over the printed name.

Philip R. Rubley, CPA

PRR/cab

ROLLIN TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

Using This Annual Report

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of Rollin Township government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Overview Of The Financial Statements

The Township's basic financial statements are comprised of three components:

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Township maintains 2 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary Funds. The Township maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township has two funds to account for sewer activity.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township has two funds to account for fiduciary activities.

ROLLIN TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

Notes To The Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement, of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, recreation and culture and community development.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories; governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Other Information

The Township has reported under required supplementation information, information about the General Fund and Major Type Funds, and Combining Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Type Governmental Funds.

**ROLLIN TOWNSHIP
Management's Discussion and Analysis
March 31, 2008**

The Township As A Whole

The Township's net assets for the year ended March 31, 2008 (decreased) 4.42% over the prior year, and management feels that even though the economic conditions have been depressed, that the Township will be able to effectively operate with their present reserves.

The governmental activities reflect net assets of \$760,179.

The Township's net assets reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire these assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ROLLIN TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

ROLLIN TOWNSHIP NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Revenue</u>				
Program Revenue:				
Charges for Services	\$109,271	\$106,729	\$ 502,412	\$ 498,112
General Revenue:				
Property Taxes	135,129	126,086	---	---
Grants and Contributions				
Not Restricted To				
Specific Program	186,156	190,323	---	---
Interest and Rentals				
Earnings	<u>20,759</u>	<u>28,466</u>	<u>24,514</u>	<u>24,367</u>
Total Revenue	<u>451,315</u>	<u>451,604</u>	<u>526,926</u>	<u>522,479</u>
<u>Expenses</u>				
General Government	148,973	134,653	---	---
Public Safety	93,501	93,056	---	---
Public Works	287,347	208,609	514,094	503,646
Recreation and Culture	4,639	7,360	---	---
Community and Economic				
Development	3,895	3,493	---	---
Interest on Long-Term Debt	---	---	67,052	73,311
Other Functions	<u>11,817</u>	<u>12,370</u>	<u>---</u>	<u>---</u>
Total Expenses	<u>550,172</u>	<u>459,541</u>	<u>581,146</u>	<u>576,957</u>
(Decrease) in Net Assets	(98,857)	(7,937)	(54,220)	(54,478)
Net Assets Beginning of Year	<u>859,036</u>	<u>866,973</u>	<u>2,601,855</u>	<u>2,656,333</u>
Net Assets End of Year	<u>\$760,179</u>	<u>\$859,036</u>	<u>\$2,547,635</u>	<u>\$2,601,855</u>

ROLLIN TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

ROLLIN TOWNSHIP NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$519,046	\$622,682	\$1,158,209	\$1,131,731
Capital Assets	<u>249,441</u>	<u>243,794</u>	<u>3,913,979</u>	<u>4,148,927</u>
Total Assets	<u>\$768,487</u>	<u>\$866,476</u>	<u>\$5,072,188</u>	<u>\$5,280,658</u>
Long-Term Liabilities				
Outstanding	\$ ---	\$ ---	\$2,498,350	\$2,658,500
Other Liabilities	<u>8,308</u>	<u>7,440</u>	<u>26,203</u>	<u>20,303</u>
Total Liabilities	<u>8,308</u>	<u>7,440</u>	<u>2,524,553</u>	<u>2,678,803</u>
Net Assets				
Invested in Capital Assets,				
Net of Related Debt	249,441	243,794	1,415,629	1,490,427
Unrestricted	<u>510,738</u>	<u>615,242</u>	<u>1,132,006</u>	<u>1,111,428</u>
Total Net Assets	<u>\$760,179</u>	<u>\$859,036</u>	<u>\$2,547,635</u>	<u>\$2,601,855</u>

Government Activities

Government activities (decreased) the Township's net assets by \$(98,857).

Business Activities

Business activities (decreased) the Township's net assets by \$(54,220).

The Township's Funds

Our analysis of the Township's funds begins on Page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Trustee Board and management creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, etc.

**ROLLIN TOWNSHIP
Management's Discussion and Analysis
March 31, 2008**

General Fund Budgetary Highlights

There are no differences between the original budget and amended budget.

Capital Assets And Debt Administration

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2008, amounted to \$4,163,420 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment.

Long-term debt of the Township decreased by \$160,150 (see Note 7 of the basic financial statements). There was no new debt incurred in the fiscal year ended March 31, 2008.

Economic Factors And Next Year's Budget And Rates

The Township's budget for 2008-2009 fiscal year has taken inconsideration, the economic condition of the State of Michigan anticipating reduced state share revenues. This will require close tabs on expenditures for the upcoming year and adjustments will be made to mirror, when possible, the revenue base, with expenses.

Contacting The Townships Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at 730 Manitou Road, Manitou Beach, MI 49253.

ROLLIN TOWNSHIP
Government-wide Statement of Net Assets
March 31, 2008

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Equivalents	\$454,285	\$1,098,786	\$1,553,071
Receivables - Net	62,723	53,522	116,245
Prepaid Items and Other Assets	7,939	---	7,939
Capital Assets Not Being Depreciated	57,799	---	57,799
Capital Assets Being Depreciated - Net	191,642	3,913,979	4,105,621
Internal Balances	<u>(5,901)</u>	<u>5,901</u>	<u>---</u>
Total Assets	<u>\$768,487</u>	<u>\$5,072,188</u>	<u>\$5,840,675</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	\$ 8,308	\$ 26,203	\$ 34,511
Long-Term Liabilities:			
Due Within One Year	---	165,600	165,600
Due In More Than One Year	<u>---</u>	<u>2,332,750</u>	<u>2,332,750</u>
Total Liabilities	<u>8,308</u>	<u>2,524,553</u>	<u>2,532,861</u>
<u>Net Assets</u>			
Invested In Capital Assets, Net of Related Debt	249,441	1,415,629	1,665,070
Unrestricted	<u>510,738</u>	<u>1,132,006</u>	<u>1,642,744</u>
Total Net Assets	<u>\$760,179</u>	<u>\$2,547,635</u>	<u>\$3,307,814</u>

ROLLIN TOWNSHIP
Government-wide Statement of Activities
For The Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Net (Expenses) Revenues</u>
<u>Governmental Activities:</u>					
General Government	\$ 148,973	\$ 76,461	\$ ---	\$ ---	\$ (72,512)
Public Safety	93,501	17,976	---	---	(75,525)
Public Works	287,347	14,834	---	---	(272,513)
Community and Economic Development	3,895	---	---	---	(3,895)
Recreation and Culture	4,639	---	---	---	(4,639)
Other Functions	11,817	---	---	---	(11,817)
Total Governmental Activities	<u>550,172</u>	<u>109,271</u>	<u>---</u>	<u>---</u>	<u>(440,901)</u>
<u>Business-Type Activities:</u>					
Utilities	514,094	502,412	---	---	(11,682)
Interest on Long-Term Debt	67,052	---	---	---	(67,052)
Total Business Activities	<u>581,146</u>	<u>502,412</u>	<u>---</u>	<u>---</u>	<u>(78,734)</u>
Total	<u>\$1,131,318</u>	<u>\$611,683</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (519,635)</u>

ROLLIN TOWNSHIP
Government-wide Statement Of Activities (Concluded)
For The Year Ended March 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Changes in Net Assets</u>			
Net (Expense) Revenue	\$ (440,901)	\$ (78,734)	\$ (519,635)
General Revenues:			
Property Taxes and Assessments	135,129	---	135,129
Grants and Contributions			
Not Restricted To			
Specific Programs	186,156	---	186,156
Unrestricted Investment			
Earnings and Rentals	<u>20,759</u>	<u>24,514</u>	<u>45,273</u>
Total General Revenues, Contributions and Transfers	<u>342,044</u>	<u>24,514</u>	<u>366,558</u>
 Change In Net Assets (Decrease)	 (98,857)	 (54,220)	 (153,077)
Net Assets, Beginning of Year	<u>859,036</u>	<u>2,601,855</u>	<u>3,460,891</u>
Net Assets, End of Year	<u>\$ 760,179</u>	<u>\$2,547,635</u>	<u>\$3,307,814</u>

ROLLIN TOWNSHIP
Governmental Funds
Balance Sheet
March 31, 2008

	<u>General Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash			
Equivalents	\$431,449	\$22,836	\$454,285
Prepaid Expenses	7,837	---	7,837
Receivables - Net	45,442	2,575	48,017
Due From Other Funds	<u>28,588</u>	<u>---</u>	<u>28,588</u>
Total Assets	<u>\$513,316</u>	<u>\$25,411</u>	<u>\$538,727</u>
<u>LIABILITIES</u>			
Accounts Payable/			
Accrued Liabilities	\$ 5,725	\$ 2,583	\$ 8,308
Due to Other Funds	5,901	12,515	18,416
Deferred Revenue	<u>403</u>	<u>---</u>	<u>403</u>
Total Liabilities	<u>12,029</u>	<u>15,098</u>	<u>27,127</u>
<u>FUND BALANCES</u>			
Unreserved	<u>501,287</u>	<u>10,313</u>	<u>511,600</u>
Total Fund Balances	<u>501,287</u>	<u>10,313</u>	<u>511,600</u>
Total Liabilities and Fund Balances	<u>\$513,316</u>	<u>\$25,411</u>	<u>\$538,727</u>

ROLLIN TOWNSHIP
Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds
To Net Assets Of Governmental Activities On The Statement of Net Assets
March 31, 2008

Fund Balances – Total Governmental Funds \$ 511,600

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
the funds.

Add: Capital Assets 402,583

Deduct: Accumulated Depreciation (153,142)

Revenue that has been billed as a receivable, but not collected
until later years, was not reported in the funds.

Add: Deferred Revenue 403

(Less): Other (1,265)

Net Assets of Governmental Activities \$ 760,179

ROLLIN TOWNSHIP
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
For The Year Ended March 31, 2008

	General Fund	Other Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Taxes and Assessments	\$ 103,599	\$31,445	\$ 135,044
Intergovernmental	186,049	---	186,049
Licenses and Permits	17,976	---	17,976
Charges for Services	45,230	---	45,230
Interest and Rentals	20,744	15	20,759
Franchise Fee	23,108	---	23,108
Other	<u>24,328</u>	<u>---</u>	<u>24,328</u>
Total Revenue	<u>421,034</u>	<u>31,460</u>	<u>452,494</u>
<u>EXPENDITURES</u>			
Current:			
General Government	141,921	---	141,921
Public Safety	93,501	---	93,501
Public Works	257,006	29,982	286,988
Community Economic Development	3,895	---	3,895
Capital Outlay	13,116	---	13,116
Recreation and Culture	4,581	---	4,581
Other Functions	<u>11,817</u>	<u>---</u>	<u>11,817</u>
Total Expenditures	<u>525,837</u>	<u>29,982</u>	<u>555,819</u>
Net Change in Fund Balances (Decrease)	(104,803)	1,478	(103,325)
Fund Balances – Beginning of Year	<u>606,090</u>	<u>8,835</u>	<u>614,925</u>
Fund Balances – End of Year	<u>\$ 501,287</u>	<u>\$10,313</u>	<u>\$ 511,600</u>

The notes to financial statements are an integral part of this statement.

ROLLIN TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Statement Of Activities
March 31, 2008

Net Change In Fund Balances – Total Governmental Funds (Decrease) \$(103,325)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Deduct: Depreciation Expense (7,469)

Add: Capital Outlay expensed on governmental funds report but capitalized on governmental activities. 13,116

Revenue deferred on the governmental funds report, which has been charged to receivable and thus income on the statement of activities.

(Less): Deferred Revenue other adjustments (1,179)

Change In Net Assets Of Governmental Activities \$ (98,857)

ROLLIN TOWNSHIP
Statement of Net Assets
Proprietary Funds
March 31, 2008

	Business-Type Activities - Enterprise Funds		
	Rollin/Woodstock Sewer Fund	Posey Lake Sewer Fund	Total Utilities
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 895,708	\$ 31,872	\$ 927,580
Accounts Receivable and Special Assessments	35,847	17,675	53,522
Due from Other Funds	5,209	849	6,058
Total Current Assets	<u>936,764</u>	<u>50,396</u>	<u>987,160</u>
Noncurrent Assets:			
Restricted Cash	146,692	24,514	171,206
Property and Equipment - Net	3,716,579	197,400	3,913,979
Total Noncurrent Assets	<u>3,863,271</u>	<u>221,914</u>	<u>4,085,185</u>
Total Assets	<u>\$4,800,035</u>	<u>\$272,310</u>	<u>\$5,072,345</u>
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 23,355	\$ 2,848	\$ 26,203
Due to Other Funds	157	---	157
Bonds Payable Current Portion	146,400	19,200	165,600
Total Current Liabilities	<u>169,912</u>	<u>20,048</u>	<u>191,960</u>
Noncurrent Liabilities:			
Bonds Payable	2,272,250	60,500	2,332,750
Total Noncurrent Liabilities	<u>2,272,250</u>	<u>60,500</u>	<u>2,332,750</u>
Total Liabilities	<u>2,442,162</u>	<u>82,548</u>	<u>2,524,710</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,297,929	117,700	1,415,629
Unrestricted	1,059,944	72,062	1,132,006
Total Net Assets	<u>2,357,873</u>	<u>189,762</u>	<u>2,547,635</u>
Net Assets of Business-Type Activities on the Government-Wide Statement of Net Assets	<u>\$2,357,873</u>	<u>\$189,762</u>	<u>\$2,547,635</u>

The accompanying notes are an integral part of this financial statement.

ROLLIN TOWNSHIP
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended March 31, 2008

	Business-Type Activities - Enterprise Funds		
	Rollin/Woodstock Sewer Fund	Posey Lake Sewer Fund	Total Utilities
Operating Revenues			
Charges for Services	\$ 491,804	\$ 10,608	\$ 502,412
Total Operating Revenues	<u>491,804</u>	<u>10,608</u>	<u>502,412</u>
Expenses			
Contractual Services	261,272	16,344	277,616
Depreciation	226,548	8,400	234,948
Office Expense	<u>1,370</u>	<u>160</u>	<u>1,530</u>
Total Operating Expenses	<u>489,190</u>	<u>24,904</u>	<u>514,094</u>
Operating Income (Loss)	<u>2,614</u>	<u>(14,296)</u>	<u>(11,682)</u>
Non-Operating Revenues (Expenses)			
Investment Income	24,214	300	24,514
Interest Expense and Fiscal Charges	<u>(62,258)</u>	<u>(4,794)</u>	<u>(67,052)</u>
Total Non-Operating Revenues (Expenses)	<u>(38,044)</u>	<u>(4,494)</u>	<u>(42,538)</u>
Income (Loss)	<u>(35,430)</u>	<u>(18,790)</u>	<u>(54,220)</u>
Net Assets, Beginning of Year	<u>2,393,303</u>	<u>208,552</u>	<u>2,601,855</u>
Net Assets, End of Year	<u>\$2,357,873</u>	<u>\$189,762</u>	<u>\$2,547,635</u>

The accompanying notes are an integral part of this financial statement.

ROLLIN TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities
March 31, 2008

Change In Net Assets – All Enterprise Funds	\$ (54,220)
No additional adjustments	<u>---</u>
Change In Net Assets Of Business-Type Activities (Decrease)	<u>\$ (54,220)</u>

ROLLIN TOWNSHIP
Statement of Cash Flows
Proprietary Funds
For The Year Ended March 31, 2008

	Business-Type Activities - Enterprise Funds		
	Rollin/Woodstock Sewer Fund	Posey Lake Sewer Fund	Total Utilities
Cash Flows From Operating Activities			
Cash Received from Customers	\$ 494,607	\$ 10,781	\$ 505,388
Cash Payment to Suppliers For Goods and Services/Employees	(257,927)	(16,437)	(274,364)
Net Cash Provided (Used)	<u>236,680</u>	<u>(5,656)</u>	<u>231,024</u>
Cash Flows From Capital and Related Financing Activities			
Special Assessment Receivable	---	16,325	16,325
Bond Principal Payments	(146,400)	(16,800)	(163,200)
Bond Interest Payments	(62,258)	(3,676)	(65,934)
Net Cash (Used) by Capital and Related Financing Activities	<u>(208,658)</u>	<u>(4,151)</u>	<u>(212,809)</u>
Cash Flows From Investing Activities			
Investment Income	<u>23,225</u>	<u>300</u>	<u>23,525</u>
Net Cash Provided (Used) by Investing Activities	<u>23,225</u>	<u>300</u>	<u>23,525</u>
Net Increase (Decrease) in Cash and Cash Equivalents	51,247	(9,507)	41,740
Cash and Cash Equivalents, Beginning of Year	<u>991,153</u>	<u>65,893</u>	<u>1,057,046</u>
Cash and Cash Equivalents, End of Year	<u>\$1,042,400</u>	<u>\$ 56,386</u>	<u>\$1,098,786</u>
Reconciliation to Statement of Net Assets			
Cash and Cash Equivalents	<u>\$1,042,400</u>	<u>\$ 56,386</u>	<u>\$1,098,786</u>

The accompanying notes are an integral part of this financial statement.

ROLLIN TOWNSHIP
Statement of Cash Flows (Concluded)
Proprietary Funds
For The Year Ended March 31, 2008

	Business-Type Activities - Enterprise Funds		
	Rollin/Woodstock Sewer Fund	Posey Lake Sewer Fund	Total Utilities
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (35,430)	\$ (18,790)	\$ (54,220)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	226,548	8,400	234,948
Changes in Assets and Liabilities:			
Accounts Receivable	(1,236)	173	(1,063)
Accounts Payable, Accrued Liabilities, Current Portion on Bonds, Etc.	<u>7,765</u>	<u>1,185</u>	<u>8,950</u>
Net Cash Provided (Used) by Operating Activities	<u>197,647</u>	<u>(9,032)</u>	<u>188,615</u>
Cash Flows From Investing Activities:			
Purchase of Capital Assets	<u>---</u>	<u>---</u>	<u>---</u>
Net Cash (Used) from Investing Activities	<u>---</u>	<u>---</u>	<u>---</u>
Cash Flows From Financing Activities:			
Principal Paid on Bonds	(146,400)	(16,800)	(163,200)
Special Assessment Receivable	<u>---</u>	<u>16,325</u>	<u>16,325</u>
Net Cash (Used) from Financing Activities	<u>(146,400)</u>	<u>(475)</u>	<u>(146,875)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	51,247	(9,507)	41,740
Cash and Cash Equivalents, Beginning of Year	<u>991,153</u>	<u>65,893</u>	<u>1,057,046</u>
Cash and Cash Equivalents, End of Year	<u>\$1,042,400</u>	<u>\$ 56,386</u>	<u>\$1,098,786</u>

The accompanying notes are an integral part of this financial statement.

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ROLLIN TOWNSHIP
Fiduciary Funds – Statement of Net Assets
March 31, 2008

	Current Tax Collection Fund	Trust and Agency Fund	Total Fiduciary Funds
<u>Assets</u>			
Cash and Cash Equivalents	<u>\$16,198</u>	<u>\$2,863</u>	<u>\$19,061</u>
Total Assets	<u>\$16,198</u>	<u>\$2,863</u>	<u>\$19,061</u>
<u>Liabilities</u>			
Due to Other Funds	\$15,971	\$ 102	\$16,073
Due to Other Authorities	<u>227</u>	<u>2,761</u>	<u>2,988</u>
Total Liabilities	<u>\$16,198</u>	<u>\$2,863</u>	<u>\$19,061</u>

The notes to financial statements are an integral part of this statement.

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ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Rollin Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

Rollin Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

Property taxes, franchise taxes, intergovernmental revenue licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary fund:

The Rollin/Woodstock and Posey Lake Sewer Funds (Utilities) are proprietary funds which accounts for activities of the government's waste water system.

Additionally, the government reports the following fund types:

The Agency Funds account for assets held by the Township acting as an agent for individuals, private organizations, other governments and/or other funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-side and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities and enterprise funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities fund are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, Liabilities, and Net Assets or Equity

1. **Bank Deposits and Investment** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. **Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. **Inventories** – All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. **Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

6. **Internal Fund Balances** – Internal Fund Balances represents advances or loans to funds for expenditures. Advances are expected to be paid within one year.

ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20 - 50
Building	10 - 50
Machinery, Equipment, And Furnishings	5 - 35
Utility Systems	50 - 100
Infrastructure	15 - 100
Vehicles	5 - 15

6. **Long-Term Obligations** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
7. **Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. **Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Township Board proposes a budget for review and holds public hearings and a final budget is adopted.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the Board of Trustees.

ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

- B. Excess of Expenditures Over Appropriations In Budgeted Funds -** P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2008, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government:			
Township Hall			
And Grounds	\$14,085	\$17,923	\$3,838
Appeals	---	3,335	3,335
Miscellaneous	---	400	400

ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS

The government unit's deposits and investment policy are in accordance with statutory authority.

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1:** Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2:** Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3:** Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

	<u>Category</u> <u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying</u> <u>Value</u>	<u>Market</u> <u>Value</u>
Checking, Savings and Certificate of Deposits	<u>\$200,000</u>	<u>\$1,372,132</u>	<u>\$ ---</u>	<u>\$1,572,132</u>	<u>\$1,572,132</u>
	<u>\$200,000</u>	<u>\$1,372,132</u>	<u>\$ ---</u>	<u>\$1,572,132</u>	<u>\$1,572,132</u>

Balance Sheet Cash And Cash Investments

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's deposits are as follows:

<u>Deposits</u>	<u>Carrying</u> <u>Amount</u>
Insured (FDIC) (FSLIC)	\$ 200,000
Uninsured:	
Uncollateralized	<u>1,372,132</u>
Total	<u>\$1,572,132</u>

The above amounts include Trust and Agency Funds of \$19,061.

Deposits Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2008 \$1,372,132 of the Township's \$1,572,132 was exposed to custodial credit risk as follows:

Uninsured and Collateralized	<u>\$1,372,132</u>
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ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

Investment Custodial Credit Risk

The Township has all of its investment in money market and certificate of deposits, thus not subject to investment credit risk.

Concentration of Credit Risk

The Township places no limit on the amount they may invest in one issue. 100% of their investments at March 31, 2008 are in savings accounts, money market accounts and certificate of deposits.

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

Statement of Net Asset:

Cash and Cash Equivalents	<u>\$1,553,071</u>
	<u>1,553,071</u>

Statement of Fiduciary Net Asset:

Agency Funds:	
Cash and Cash Equivalents	<u>19,061</u>
	<u>19,061</u>
	<u>\$1,572,132</u>

ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Decreases</u>	<u>Balance</u>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 51,499	\$ 6,300	\$ ---	\$ 57,799
	<u>51,499</u>	<u>6,300</u>	<u>---</u>	<u>57,799</u>
Capital Assets, Being Depreciated:				
Buildings	284,505	---	---	284,505
Equipment	<u>53,463</u>	<u>6,816</u>	<u>---</u>	<u>60,279</u>
Total Capital Assets Being Depreciated	<u>337,968</u>	<u>6,816</u>	<u>---</u>	<u>344,784</u>
Less Accumulated Depreciation For:				
Buildings	(102,830)	(5,320)	---	(108,150)
Equipment	<u>(42,843)</u>	<u>(2,149)</u>	<u>---</u>	<u>(44,992)</u>
Total Accumulated Depreciation	<u>(145,673)</u>	<u>(7,469)</u>	<u>---</u>	<u>(153,142)</u>
Total Capital Assets, Being Depreciated, Net	<u>192,295</u>	<u>(653)</u>	<u>---</u>	<u>191,642</u>
Governmental Activities Capital Assets, Net	<u>\$ 243,794</u>	<u>\$ 5,647</u>	<u>\$ ---</u>	<u>\$ 249,441</u>
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Sewer System	\$9,267,721	\$ ---	\$ ---	\$ 9,267,721
Total Capital Assets Not Being Depreciated	<u>9,267,721</u>	<u>---</u>	<u>---</u>	<u>9,267,721</u>
Less Accumulated Depreciation For:				
Sewer System	<u>(5,118,794)</u>	<u>(234,948)</u>	<u>---</u>	<u>5,353,742</u>
Total Accumulated Depreciation	<u>(5,118,794)</u>	<u>(234,948)</u>	<u>---</u>	<u>5,353,742</u>
Total Capital Assets, Being Depreciated, Net	<u>4,148,927</u>	<u>(234,948)</u>	<u>---</u>	<u>3,913,979</u>
Business-Type Activities Capital Assets, Net	<u>\$4,148,927</u>	<u>\$ (234,948)</u>	<u>\$ ---</u>	<u>\$ 3,913,979</u>

ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 4 – DEPRECIATION

Depreciation expense was charged to functions/programs of the Township as follows:

<u>Governmental Activities:</u>	
General Government	\$ 7,052
Public Works	359
Recreation	<u>58</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 7,469</u>
 <u>Business-Type Activities:</u>	
Utilities	<u>\$234,948</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$234,948</u>

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

At March 31, 2008, the following were interfund receivables and payables in the fund statement.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Street Lights	\$ ---	\$12,515
Tax Collection	---	15,971
Sewer Fund - Posey	849	---
Sewer Fund - Rollin	5,209	157
General	28,588	5,901
Trust and Agency	<u>---</u>	<u>102</u>
Total	<u>\$34,646</u>	<u>\$34,646</u>

NOTE 6 – PROPERTY TAXES

The Township bills and collects property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

Property taxes attach as an enforceable lien on the property as of January 1.

ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 7 – LONG-TERM DEBT

During the fiscal year, on September 26, 2002 the Rollin-Woodstock Sanitary Drain bonds were refinanced. The revised bond issue amount was \$5,080,000, with Rollin's share being 61% or \$3,098,800. Interest rate per annum 2.5%

Bonds Payable - March 31, 2008	\$2,418,650
(Less): Current Portion	<u>(146,400)</u>
Total Long Term Portion	<u>\$2,272,250</u>

Debt Service requirements:

	<u>Principal</u>	<u>Interest</u>
October 1, 2008	\$ 146,400	\$ 60,466
October 1, 2009	149,450	56,806
October 1, 2010	152,500	53,070
October 1, 2011	158,600	49,258
October 1, 2012	161,650	45,293
October 1, 2013-2017	872,300	163,785
October 1, 2018-2021	<u>777,750</u>	<u>49,258</u>
Totals	<u>\$2,418,650</u>	<u>\$477,936</u>

Purpose: Improvement of Sewer System - Series 1991 - Bonds issued by Hudson and Rollin Township. - Posey Lake Sanitary Drains.
Allocation: Hudson Township, Michigan 76%
Rollin Township, Michigan 24%

Bonds Payable - March 31, 2008	\$ 79,700
(Less): Current Portion	<u>(19,200)</u>
Total Long-Term Portion	<u>\$ 60,500</u>

Debt Service requirements:

<u>Date</u>	<u>Period Principal</u>	<u>Interest Rates</u>	<u>Interest</u>	<u>Total</u>
7/1/08	\$19,200	6.400000	\$2,262	\$21,462
1/1/09			1,648	1,648
7/1/09	20,400	6.450000	1,648	22,048
1/1/10			990	990
7/1/10	20,400	5.000000	990	21,390
1/1/11			480	480
7/1/11	<u>19,700</u>	5.000000	<u>480</u>	<u>20,180</u>
Totals	<u>\$79,700</u>		<u>\$8,498</u>	<u>\$88,198</u>

ROLLIN TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 7 – LONG-TERM DEBT (Continued)

Long-Term Debt Summary:

<u>Name of Issue</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Rollin/Woodstock Sanitary Drain	\$2,562,000	\$ ---	\$143,350	\$2,418,650
Rollin/Hudson Sanitary Drain	96,500	---	16,800	79,700
Total	<u>\$2,658,500</u>	<u>\$ ---</u>	<u>\$160,150</u>	<u>\$2,498,350</u>

NOTE 8 – OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2008, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE 9 – LANDFILL

The government maintains a service for Rollin taxpayers for trash removal. All items are inspected prior to disposal and put into metal trash containers which are removed by a landfill company weekly. No items are ever buried or disposed of directly by the township.

ROLLIN TOWNSHIP
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$528,757	\$528,757	\$ 606,090	\$ 77,333
<u>Resources (Inflows)</u>				
Taxes and Assessments	98,345	98,345	103,599	5,254
Intergovernmental	160,658	160,658	186,049	25,391
Licenses and Permits	20,121	20,121	17,976	(2,145)
Charges for Services	52,478	52,478	45,230	(7,248)
Interest and Rentals	24,278	24,278	20,744	(3,534)
Other	1,345	1,345	19,699	18,354
Franchise Fees	6,000	6,000	23,108	17,108
Metro Act Funds	---	---	4,629	4,629
<u>Amounts Available for Appropriation</u>	<u>891,982</u>	<u>891,982</u>	<u>1,027,124</u>	<u>135,142</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>General Government</u>				
Trustee Board	11,250	11,250	10,082	1,168
Supervisor	17,050	17,050	16,311	739
Treasurer	19,540	19,540	18,868	672
Assessing	38,705	38,705	34,836	3,869
Clerk	22,835	22,835	22,346	489
Elections	1,200	1,200	1,556	(356)
Attorney and Auditing	15,000	15,000	5,305	9,695
Cemetery	13,520	13,520	10,118	3,402
Board of Review	1,010	1,010	841	169
Township Hall and Grounds	14,085	14,085	17,923	(3,838)
Appeals	---	---	3,335	(3,335)
Miscellaneous	---	---	400	(400)
<u>Public Safety</u>				
Inspections	29,795	29,795	23,627	6,168
Fire	69,895	69,895	69,874	21
Hospital	300	300	---	300
<u>Community Economic Development</u>				
Planning and Zoning	13,785	13,785	3,895	9,890
<u>Public Works</u>				
Road and Maintenance/Lights	265,095	265,095	234,905	30,190
Sanitation	26,540	26,540	22,101	4,439
<u>Capital Outlay</u>	29,500	29,500	13,116	16,384
<u>Recreation and Culture</u>				
Park	10,300	10,300	4,581	5,719
Library	1,700	1,700	---	1,700
<u>Other Functions</u>	<u>290,877</u>	<u>290,877</u>	<u>11,817</u>	<u>279,060</u>
<u>Total Charges to Appropriations</u>	<u>891,982</u>	<u>891,982</u>	<u>525,837</u>	<u>366,145</u>
<u>Ending of Year Fund Balance</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 501,287</u>	<u>\$501,287</u>

The notes to financial statements are an integral part of this statement.

**ROLLIN TOWNSHIP
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2008**

	<u>Special Revenue Funds</u>
	<u>Street Lights</u>
<u>Assets</u>	
Cash	\$22,836
Special Assessment Receivable	<u>2,575</u>
Total Assets	<u>\$25,411</u>
 <u>Liabilities and Fund Balances</u>	
<u>Liabilities</u>	
Accounts Payable	\$ 2,583
Due to General Fund	<u>12,515</u>
Total Liabilities	<u>15,098</u>
 <u>Fund Balance</u>	 <u>10,313</u>
 Total Liabilities And Fund Balances	 <u>\$25,411</u>

The notes to financial statements are an integral part of this statement.

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ROLLIN TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
Non-Major Governmental Funds
For The Year Ended March 31, 2008

	Special Revenue Funds
	Street Lights
<u>Revenues:</u>	
Special Assessments	\$31,445
Interest	<u>15</u>
Total Revenue	<u>31,460</u>
<u>Expenditures:</u>	
Public Works - Street Lights	<u>29,982</u>
Total Expenditures	<u>29,982</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>1,478</u>
<u>Beginning Fund Balance</u>	<u>8,835</u>
<u>Ending Fund Balance</u>	<u>\$10,313</u>

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'S
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

June 27, 2008

**Township Board
Rollin Township
Lenawee County
730 Manitou Rd.
Manitou Beach, MI 49253**

We have examined the financial statements of the Rollin Township, Michigan dated June 27, 2008. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such an evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statement and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2008, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

Statement on Auditing Standards Pronouncement 112 requires us as auditors to communicate what we determine to be significant deficiencies and material weaknesses to management and those charged with governance in regards to internal control matters.

A significant deficiency is a control deficiency or combination of control deficiencies that creates the remote likelihood that a misstatement of the Township's financial statements is more than inconsequential and will not be prevented or detected.

Based on this criteria the following comments are in this category:

1. **BANK RECONCILIATION**

Reconciled bank accounts must tied into the clerks general ledger. Any reconciling items should be addressed by the clerk and treasurer and necessary adjustments made.

2. **GENERAL LEDGER**

It is necessary that all posting of revenue and expenditures be made timely in the month they were paid and/or received; this includes transfers in and out. This has improved over last year.

OTHER MATTERS FOR CONSIDERATION

These comments are not significant deficiencies but are suggestions to improve your existing accounting and control systems.

1. **FIXED ASSETS**

It is important to maintain an inventory of fixed assets comparing it to actual records reflecting deletions, etc. each year.

2. **INTERFUND BALANCES**

The township has adequate funds to pay off interfund receivables and payables.

3. **BUDGET**

Adjustments to the budget should be documented in the minutes of the board and adjusted to the running budget. A copy of the original being kept and the amended running budget also.

4. **PETTY CASH FUNDS**

Consider setting up a separate petty cash fund for the Clerk and Treasurer. This will provide a better custodian protection of each fund and accountability.

5. **PAYROLL**

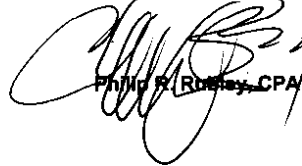
Payroll records need to be reconciled with each quarterly federal and state report and annual W-2's and W-3. Any corrections should be made.

Rollin Township
June 27, 2008
Page 3

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated June 27, 2008, on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Respectfully Submitted,



Philip R. Rubeay, CPA

PRR/cab